



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0516	Title:	Create minimum renewable biodiesel standards
Primary Sponsor:	Black, Jerry W	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$31,840	\$31,840	\$32,533	\$33,341
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$31,840)</u>	<u>(\$31,840)</u>	<u>(\$32,533)</u>	<u>(\$33,341)</u>

Description of Fiscal Impact:

The Department of Labor & Industry will incur the cost of collecting biodiesel samples at refineries or wholesale distribution points where biodiesel is being blended and sending these samples to a private lab for testing.

FISCAL ANALYSIS

Assumptions:

1. Annual Report in Section 5. The fiscal impact for developing and presenting the annual report would be minimal. This report could be put together by existing staff and absorbed by the departments' current budget.
2. The cost associated with the adoption of rules requiring fuel facilities to label the pump that dispenses the fuel as to its biodiesel content are anticipated to be minimal and can be absorbed by the department within existing resources.
3. It is assumed the commissioner will appoint an advisory committee which will meet every fiscal quarter (4 times per year).
4. The committee consists of five members. Because four of these members are state employees, the only compensation they will receive will be for mid day meal (4 members x \$6 x 4 meetings = \$96).

5. One committee member will be from the public sector. It estimated this committee member will receive per diem for one day of travel and one day of meeting @ \$25 per day (2 days x \$25 X 4 meetings = \$200) Mileage is estimated at 500 miles round trip (500 x \$.485 x 4 meetings = \$970). One night lodging (\$60 per night x 4 meetings = \$240) Two days meal reimbursement per meeting (\$23 x 2days x 4 meetings = \$184).
6. Total costs for advisory committee = \$1,690.
7. It will be the responsibility of the Department of Labor and Industry to ensure biodiesel meets the standard for on-road diesel fuel contained in the American Society for Testing and Materials (ASTM) D975.
8. It is assumed all of the blending of biodiesel will be performed at the refineries and wholesale distribution points.
9. The department will be required to collect samples and submit them to an independent third party lab for verification of compliance. The department is responsible for all costs incurred in the testing process. These costs would include, the sample itself -one gallon - approximately \$3.00; shipping and containers at \$50 per sample; testing at approx. \$550 per sample for a total of \$603 per sample. The department estimates the testing of 50 samples per year to ensure compliance with biodiesel standards which will result in a net cost to the department of \$30,150.
10. The department does not have revenue sources available to fund these expenditures. Therefore, it is assumed that the general fund would pay for the increased costs.
11. The cost associated with the adoption of rules requiring fuel facilities to label the pump that dispenses the fuel as to its biodiesel content are anticipated to minimal and can be absorbed by the department within existing resources.
12. An inflation factor of 2.5% has been applied to operating expenses in FY 2010 and FY 2011.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
Department of Labor and Industry				
<u>Expenditures:</u>				
Personal Services	\$200	\$200	\$200	\$200
Operating Expenses	\$31,640	\$31,640	\$32,333	\$33,141
TOTAL Expenditures	\$31,840	\$31,840	\$32,533	\$33,341
<u>Funding of Expenditures:</u>				
General Fund (01)	\$31,840	\$31,840	\$32,533	\$33,341
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$31,840)	(\$31,840)	(\$32,533)	(\$33,341)

Sponsor's Initials

Date

Budget Director's Initials

Date